

DEC 22 2006

Amendments to the Claims

The text of all pending claims, along with their current status, is set forth below in accordance with 37 C.F.R. § 1.121.

1-11. *(Cancelled)*

- 5 12. *(Currently amended)* A method of creating a casing in a borehole with an interior wall located in a subterranean formation. The method of claim 11 further comprising:

(a) drilling a borehole with a drill bit on a drill string;

- 10 (b) placing settable material into an annulus within the borehole to a desired fill height wherein the settable material sets on at least a portion of the interior wall of the borehole to create a liner along the at least the portion of the interior wall of the borehole;

(c) moving the drill string to prevent the settable material from completely plugging the borehole;

- 15 (d) circulating drilling mud containing a set retarder to remove the unset settable material near the drill string; and

(e) repeating steps (c) and (d) until the lining has hardened.

- 20 13. *(Currently amended)* A method of creating a casing in a borehole with an interior wall located in a subterranean formation. The method of claim 11 further comprising:

(a) drilling a borehole with a drill bit on a drill string;

- 25 (b) placing settable material into an annulus within the borehole to a desired fill height wherein the settable material sets on at least a portion of the interior wall of the borehole to create a liner along the at least the portion of the interior wall of the borehole;

(c) moving the drill string to prevent the settable material from completely plugging the borehole;

(d) circulating drilling mud containing a set retarder to remove the unset settable material near the drill string; and

5 (e) repeating steps (a) through (d) until the borehole has been drilled to the desired distance with a cast-in-place liner.

14. *(Currently amended)* A method of creating a casing in a borehole with an interior wall located in a subterranean formation. The method of claim 11 further comprising:

10 (a) drilling a borehole with a drill bit on a drill string;

(b) placing settable material into an annulus within the borehole to a desired fill height wherein the settable material sets on at least a portion of the interior wall of the borehole to create a liner along the at least the portion of the interior wall of the borehole;

15 (c) moving the drill string to prevent the settable material from completely plugging the borehole;

(d) circulating drilling mud containing a set retarder to remove the unset settable material near the drill string; and

20 (e) continuing drilling the borehole with a drill bit on a drill string after the unset settable material has been removed.

15. *(Previously presented)* The method of claim 14 further comprising reaming the borehole as the borehole is being drilled.

16. *(Currently amended)* The method of claim 14 ~~11~~ further comprising producing hydrocarbons from the borehole.

25 17-23. *(Cancelled)*